

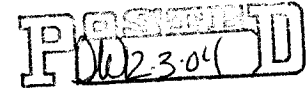
C. DUKES SCOTT  
EXECUTIVE DIRECTOR

P.O. Box 11263  
Columbia, S.C. 29211



Phone: (803) 737-0800  
Fax: (803) 737-0801

DAN F. ARNETT  
CHIEF OF STAFF



December 1, 2004

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Application of Bush River Utilities, Inc. for an approval of New Schedule of Rates and Charges for Sewage Service provided Residential and Commercial customers in all areas served.  
PSC Docket No.: 2004-259-S

Dear Charles:

For your docket, please find enclosed a copy of the Office of Regulatory Staff's First Continuing Data Request which was served on counsel for Bush River Utilities, Inc. Also, if you would please date stamp the extra copy enclosed and return it to me in the envelope provided.

Please let me know if you have any questions.

Sincerely,

Benjamin P. Mustian

BPM/cc

Enclosures

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

P.O. Box 11263  
Columbia, S.C. 29211



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Fax: (803) 737-0801

DAN F. ARNETT  
CHIEF OF STAFF

December 1, 2004

Charles Cook, Esquire  
**Elliott & Elliott, P.A.**  
721 Olive Street  
Columbia, South Carolina 29205

Re: Application of Development Bush River Utilities, Inc. for an approval of  
New Schedule of Rates and Charges for Sewage Service provided  
Residential and Commercial customers in all areas served.  
PSC Docket No.: 2004-259-S

Dear Charles:

Please find enclosed and served on you the Office of Regulatory Staff's First  
Continuing Data Request in the above referenced matter. Please let me know if you have  
any questions.

Sincerely,

Benjamin P. Mustian

BPM/cc

Enclosures

cc: Charles L.A. Terreni

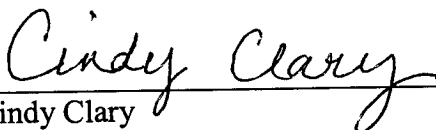
**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2004-259-S**

IN RE: Application of BUSH RIVER           )  
      UTILITIES, INC. for Approval of       )  
      New Schedule of Rates and Charges   )  
      For Sewage Service Provided to       )  
      Residential, Commercial and          )  
      Wholesale Customers in all areas      )  
      Served.                                    )

**CERTIFICATE OF SERVICE**

This is to certify that I, Cindy Clary, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the "Office of Regulatory Staff's First Continuing Data Request" in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Charles Cook, Esquire  
**Elliott & Elliott, P.A.**  
721 Olive Street  
Columbia, South Carolina 29205

  
\_\_\_\_\_  
Cindy Clary

December 1, 2004  
Columbia, South Carolina

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2004-259-S**

IN RE: Application of BUSH RIVER	)	
UTILITIES, INC. for Approval of	)	<b>Office of Regulatory Staff's First</b>
New Schedule of Rates and Charges	)	<b>Continuing Data Request</b>
For Sewage Service Provided to	)	
Residential and Commercial	)	
Customers in all areas Served.	)	

**TO: CHARLES COOK, ESQUIRE, ATTORNEY FOR THE APPLICANT, BUSH RIVER UTILITIES, INC.**

**INSTRUCTIONS**

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2003), that you answer the following data requests in writing and under oath within ten (10) days after service at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, title, and current address and telephone number of the person, and, if his full name is unknown, a complete physical description giving such person's sex, race, approximate age, height, and weight. When asked to identify a document, "identify" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a copy of the document and identify the person who

has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means home address, mailing address, and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.

- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

### QUESTIONS

- 1.1 Describe the construction and/or upgrades proposed or taking place at Bush River Utilities, Inc.
- 1.2 With regard to the loan agreement referenced in the Application on page 4 in paragraph 8:
  - a. Has the loan been approved and been finalized?
  - b. Have the funds from the loan agreement been received?
  - c. What is the loan amount?
  - d. What is the interest rate?
  - e. What is the loan period in months?
  - f. Who is the lender?
- 1.3 Explain the “conditional” nature of the loan as referenced in the Application on page 4, paragraph 8.
- 1.4 List the increased “operating expenses” Bush River Utilities, Inc. has “experienced” as set forth on page 2, paragraph 2 of the Application.
- 1.5 Justify Bush River Utilities, Inc.’s “anticipation” that expenses will increase as set forth on page 2, paragraph 2 of the Application.
- 1.6 Provide information on the following:
  - a. How many taps have been connected to the system from inception of the system to the present?
  - b. How much revenue from tap fees has been collected from customers from the inception of the system to the present?
  - c. What is the maximum number of taps that can be installed on the present system?
  - d. How many taps were provided during 1999, 2000, 2001, 2002, and 2003?
  - e. How many taps do you anticipate making per year during the next five years?
  - f. What were the total costs expensed for taps each year during 1999, 2000, 2001, 2002, and 2003?

- g. What were the total costs capitalized for taps for each year during 1999, 2000, 2001, 2002, and 2003?
- 1.7 List and describe financing costs referred to on page 2, paragraph 3 of the Application.
- 1.8 Explain why completion of the proposed construction will cause rates to exceed the rates charged during construction.
- 1.9 On pages 2 and 3, paragraph 4 of the Application states, "The new schedule of rates and charges effective during the period of construction create additional monthly revenues of \$6,643.00 in addition to the monthly revenue generated during the test year ending December 31, 2003. The new schedule of rates and charges effective upon completion of construction create additional monthly revenues of \$11,122.00 in addition to the monthly revenue generated during the test year ending December 31, 2003." Exhibit 2, page 1 of 5, lists revenues during the test year, during construction, and after construction as \$266,084, \$358,161, and \$411,105, respectively. The increase in monthly revenue as shown in Exhibit 2, page 1, would be \$7,673.08 during the period of construction and \$12,085.08 after completion of construction. These amounts exceed the increase in revenue stated in paragraph 4 of the Application. Explain the difference.
- 1.10 List the names and business titles of all people who provided information for preparation of the Application. List the names and business titles of all people who provided information for preparation of the Application exhibits. Indicate who calculated the numbers for each exhibit and list the appropriate exhibit next to the individual's name.
- 1.11 Provide the beginning and ending dates or estimated beginning and ending dates for the phases of construction.
- 1.12 List the number of residential and commercial customers as of December 31, 2003 and November 1, 2004.
- 1.13 What were officer and employee salaries in 1996?
- 1.14 Where is the performance bond accounted for in the financial information?
- 1.15 Explain the \$1,166 used in calculating tap fees as shown in Exhibit 1, page 3 of 3 of the Application. Justify the need to increase this amount from the \$300 approved by the Commission in 1996 (Order No. 96-44).
- 1.16 Provide justification for the rates during and after construction listed in Exhibit 1.
- 1.17 Is the state's tax credit for pollution control equipment being claimed by Bush River Utilities, Inc. during the test year, during construction, and after construction? If so,

what is the tax credit (or expected tax credit), and where is it included in the financial information submitted with the Application?

- 1.18 Is the state's tax credit for the construction or improvement of an infrastructure being claimed by Bush River Utilities, Inc. during the test year, during construction, and after construction? If so, what is the tax credit (or the expected tax credit), and where is it included in the financial information submitted with the Application?
- 1.19 List employees employed during the years ending December 31, 1999, 2000, 2001, 2002, and 2003, including their position, date of hire, salary, hours worked per week, exempt/non-exempt status, and duties.
- 1.20 List state regulatory commission expenses for the test year of 2003 and for 2004, including legal expenses and postage.
- 1.21 Describe and detail all construction and/or current system improvement options Bush River Utilities, Inc. researched, and why these options were not chosen. Provide a list of any documents or research materials used in considering the construction options.
- 1.22 Describe any new technology the proposed construction or upgrades will utilize in treating wastewater. Provide justification for the use of this technology. Describe how and when Bush River Utilities, Inc. learned of this technology. Provide any documents or research materials relating to this technology.
- 1.23 Has the Department of Health and Environmental Control (DHEC) approved the proposed construction or upgrades to Bush River Utilities, Inc.? If so, provide documentation of DHEC's approval. If not, what is the current status of DHEC's approval? What additional information does DHEC require to approve the proposed construction or upgrades? Provide any documents or information given to DHEC relating to a request for approval of the proposed construction or upgrades. Provide an estimated date for when DHEC will approve the proposed construction or upgrades.
- 1.24 Describe all financial transactions between DSI, Inc., Bush River Utilities, Inc., and Midlands Utilities, Inc. for the twelve months ended December 31, 1999, 2000, 2001, 2002, and 2003.
- 1.25 Provide annual expenses for Bush River Utilities, Inc. for the twelve months ended December 31, 1999, 2000, 2001, 2002, and 2003 for the following accounts:
  - a. salaries & wages
  - b. purchased power
  - c. purchased sewage treatment
  - d. maintenance & repair
  - e. chemicals
  - f. office supplies & other office expenses
  - g. regulatory commission expenses



- h. pension & other benefits
- i. rent
- j. insurance
- k. office utilities
- l. miscellaneous
- m. legal expenses and other professional services

- 1.26 Provide the balance of Accrued Interest on Customer Deposits as of December 31, 2003.

**The following questions reference Exhibit 2 of the Application.**

- 1.27 Submit detailed working papers breaking down the “base year” revenue, the “during construction” revenue, and the “after construction” revenue of Bush River Utilities, Inc.
- 1.28 What debts or other obligations of Bush River Utilities, Inc. generated Interest Expense of \$2259.00 for the test year?
- 1.29 Provide a detailed breakdown for the “Salaries – Other” category containing the amounts \$45,959; \$46,000; and \$48,600, respectively. List the employee’s name, amount paid and to be paid to the employee, and the duty performed by the employee.
- 1.30 What changes in debts or obligations or what additional debts or other obligations will Bush River Utilities, Inc. assume or expect to assume necessitating an increase in “interest expenses” to \$29,598 during construction and \$33,903 after construction?
- 1.31 To what assets and in what amounts does the Depreciation Expense as shown in the Income Statement apply?
- 1.32 Why does the Depreciation Expense increase during construction and after construction?
- 1.33 Explain the proposed decreases in expenses for Chemicals and detail how the decreases were calculated.
- 1.34 Provide justification for the proposed increase in Professional Services and include detail of the services being provided.
- 1.35 What expenses are included in Utilities? Explain why this amount increases during construction and after construction.
- 1.36 What expenses are included in Administration Expenses? Explain why this amount decreases during construction and after construction.
- 1.37 Provide invoices or documentation concerning “rate case expenses.”

- 1.38 What amortization period is being proposed for rate case expenses? Provide justification for the proposed amortization period.
- 1.39 Explain how the annual cost for sludge disposal was calculated for the periods during construction and after construction. Provide details and any documentation as to how the amount of sludge needed to be dewatered and further treated for disposal was calculated.
- 1.40 During the test year, the period during construction and the period after construction, what items are included in the expense category "Other Operating Expense" and in what amounts?
- 1.41 Provide details and any documentation regarding the DHEC fines. For what reasons and in what amounts were the fines issued?
- 1.42 Provide justification for why the fines should be included as an allowable expense for Bush River Utilities, Inc. in determining its rates for sewer service.
- 1.43 Provide justification and explanation for the proposed "adjustment for 1.5% uncollectibles" as shown in "Income and Expense Calculations."
- 1.44 Exhibit 2, page 2 of 5 indicates there are 1314 Single Family Equivalents. Provide details as to how this number was determined. Explain the term "Single Family Equivalent" as it is used in the application.
- 1.45 Detail and describe the 1099 Stock Purchase indicated in Exhibit 2, page 3 of 5. Provide any documentation regarding these purchases.
- 1.46 Reconcile the statements contained in paragraph 1 of the Application stating, "Bush River furnishes sewer collection and sewer treatment service to thirty-five (35) active commercial customers (including one wholesale utility customer)" to Exhibit 2, pages 4 and 5 and to Exhibit 4. The number of active customers indicated in Exhibit 2 does not match those indicated in the Application and Exhibit 4.
- 1.47 What month(s) and year(s) were used to determine the list of customers indicated in Exhibit 2, pages 4 and 5?

**[End of questions referencing Exhibit 2]**

- 1.48 Describe in detail the current liabilities comprising the \$9,250 in "notes payable" listed in Exhibit 3.
- 1.49 Provide justification for the Life Years of the property listed in the Depreciation Schedule in Exhibit 3.

- 1.50 In the last rate case involving Bush River Utilities, Inc., the Commission in its "Order Approving Rates and Charges," Order No. 96-44, dated January 19, 1996 (Docket No. 94-727-S) rejected the Companies' proposed plant depreciation rate of twenty years and adopted the Staff recommendation of fifty years which Staff considered to be the actual life of the plant. Exhibit 3 indicates the plant is currently on a twenty year depreciation schedule. Explain and justify the accelerated depreciation.
- 1.51 What "land" and "plant and equipment" listed in Exhibit 5 does Bush River Utilities own and where is it located? Indicate the years each was placed in service and its purchase price.
- 1.52 In the last rate case involving Bush River Utilities, Inc., the Commission in its "Order Approving Rates and Charges," Order No. 96-44, dated January 19, 1996 (Docket No. 94-727-S) ordered DSI, Inc. and Bush River Utilities, Inc. "to institute the use of time sheets or time cards to keep a record of the time which common employees spend working for each Company." Have DSI, Inc. and Bush River Utilities, Inc. complied with this directive of the Commission as contained in Order No. 96-44?
- 1.53 Subsequent to the last rate case, has there been any change in the ownership of Bush River Utilities, Inc.? If so, provide a listing of the owners of the Company. Was the change in ownership approved by the Commission? If so, please identify the docket in which the Commission addressed the change of ownership of the Company?
- 1.54 List by year the total number of bills issued to customers during the years 1999, 2000, 2001, 2002, and 2003.
- 1.55 Provide a complete history of "Availability Fees" collected, including the number of Availability Accounts as of December 31, 2002 and December 31, 2003.
- 1.56 List the Bush River Utilities, Inc. assets pledged for the loan referenced in the Application.
- 1.57 Item 25 of the BB& T loan commitment letter states that the "Borrower must furnish bank with letters of good standing or other documentation evidencing that Midlands Utility and related, remains in compliance with DHEC and the Public Service Commission." Please explain and describe how Bush River Utilities, Inc. intends to comply with this requirement. Provide a copy of the bank commitment letter to provide financing for the construction project.
- 1.58 Provide the method of allocation for common expenses between DSI, Inc., Bush River Utilities, Inc., and Midlands Utility, Inc.
- 1.59 Provide a comparative statement and detailed work papers for expense categories and expenses by account number, including labor, for utility operations for the twelve-month periods ending December 31, 1999, 2000, 2001, 2002, and 2003.

- 1.60 Provide a comparative statement and detailed work papers for expense categories and expenses by account number, excluding labor, for utility operations for the twelve-month periods ending December 31, 1999, 2000, 2001, 2002, and 2003.
- 1.61 Provide a copy of the loan agreement referenced in the Application on page 4, paragraph 8, its applicable amortization schedule, and any other relevant documentation.
- 1.62 Submit all copies of bills submitted by Bush River Utilities, Inc. to DSI, Inc. and a schedule of monthly payments from DSI, Inc. to Bush River Utilities, Inc. for the years 1999, 2000, 2001, 2002, and 2003.
- 1.63 Submit a schedule of projected monthly payments from DSI, Inc. to Bush River Utilities, Inc. during the “construction” phase and during the “after construction” phase.
- 1.64 Provide a schedule showing when salaries of Bush River Utilities, Inc. employees are paid and pay stubs for three consecutive pay periods for officers and staff.
- 1.65 Provide a schedule detailing the amount of bonuses received by Bush River Utilities, Inc. officers, owners and employees during the test year.
- 1.66 Provide a depreciation schedule for all Bush River Utilities, Inc. plant and equipment.
- 1.67 Provide the complete general accounting ledger for the 2003 test year.
- 1.68 Provide a schedule showing the number of billing units served by Bush River Utilities, Inc. at December 31, 2003 for the following:
  - a. Residential (single family/apartments)
  - b. Mobile Homes
  - c. Car Washes
  - d. Churches
  - e. Factories (separated by those with no showers, with showers, and with kitchen facilities)
  - f. Food Services Operations (separated by those that are not 24-hour restaurants, are 24-hour restaurants, provide curb-side service, serve fast-food, and are a vending machine restaurant)
  - g. Institutions
  - h. Motels/Hotels
  - i. Nursing Homes (separated by those that do and do not provide laundry services)
  - j. Laundries
  - k. Offices
  - l. Picnic Parks
  - m. Assisted Living Homes (separated by those that do and do not provide laundry services)
  - n. Schools

- o. Service Stations (separated by those with bays and without bays)
  - p. Shopping Centers
  - q. Swimming Pools
  - r. Theaters
  - s. Country Clubs, Fitness Centers, Spas, Health Clubs, and similar entities.
  - t. All remaining customers not listed above.
- 1.69 Provide all work papers, documents, plats, maps, recordings or other items used to prepare the Application and its attached Exhibits.
- 1.70 Provide all federal and state income tax returns signed and filed by Bush River Utilities, Inc. for tax years 1999, 2000, 2001, 2002 and 2003. This request includes all supporting schedules and documents, such as 1099s, and the like, whether filed or not.

December 1, 2004



Florence P. Belser, Esquire  
Benjamin P. Mustian, Esquire  
**Office of Regulatory Staff**  
P.O. Box 11263  
Columbia, South Carolina 29211